

City Council Introduction: April 7th, 2014

Bill Number 14R-89

Public Hearing: April 14th, 2014

FACT SHEET

TITLE: Approve funding for street project

SPONSOR: Mayor's Office

OPPONENTS:

OTHER DEPARTMENTS AFFECTED:

Public Works

Finance

STAFF RECOMMENDATION:

Approve

APPLICANT:

Mike Lang, Mayor's Office

REASON FOR LEGISLATION: Authorize an appropriation of \$70,000 from the Fast Forward Fund to pay for the installation of a right turn-lane into the Zoetis facility located at 601 West Cornhusker Highway.

DISCUSSION

General

Zoetis LLC, previously known as Pfizer, is a global animal health company headquartered in Florham Park, N.J. Zoetis has approximately 9,300 employees worldwide, 29 manufacturing sites, and a distribution network that ships/supplies products to over 120 Countries. In 2012, sales generated \$4.3 Billion in revenue.

Zoetis operates a 1,080,000 square foot FDA approved manufacturing facility at 601 West Cornhusker Highway. They currently have 550 Full Time Employees working at this location. Zoetis is a "net-exporter"; nearly 100% of the products manufactured in Lincoln are sold outside the borders of the State of Nebraska.

Why is Zoetis Expanding in Lincoln?

A product named Synovex was retained as part of Zoetis' acquisition of Wyeth. Synovex is a product for cattle and it is currently manufactured by a 3rd party contractor under an existing contract until October 2014. An internal recommendation was made to move the production of Synovex to a Zoetis controlled facility and Lincoln was selected as the source site. The primary market for Synovex is the U.S.

Project Details

The plant expansion will add a 28,000 square foot manufacturing module to their existing building footprint. The capital investment for this project is estimated to be \$29 million (\$19 million real/\$10 million person property). Thirty jobs will be created with an annual payroll of about \$1.2 million. Additional workers may be hired if production volumes of Synovex increase over time.

Why are Fast Forward Funds being requested for this project?

The expansion project is being built on the west side of the Zoetis facility. When the manufacturing space is operational, there will be significantly more commercial traffic accessing the existing driveway at this location. This includes semis, delivery vans, and some employees as well. There is currently no right turn (decel/stacking) lane into this plant entrance. West Cornhusker Highway is a high-volume, higher speed roadway. Zoetis expressed concern about the safety of the general public as a result of the increased business activity. After discussions with Zoetis staff, PW engineering agreed the installation of the turn-lane was warranted. Unfortunately, the budget for their expansion project was already programmed and did not include funding for the turn-lane project.

What is the cost of installing the right turn (decel/stacking) lane?

The total cost of the turn-lane is \$70,000. It was bid as part of the Airport Entryway Corridor project. Public Works and the Parks and Recreation Department have been actively involved in the planning process.

How much money is in the Fast Forward Fund account?

There is currently ±\$5.7 million in the fund.

Other Considerations

Zoetis Annual property tax (real) allocation to the City = \$86,000+
Annual Personal Property tax allocation to the City = \$52,000+

Quality jobs – wages for these positions are \$19/hour. This amount increases to \$25/hour if benefits are included in the compensation package. Note: The estimated payroll shown in the resolution is based on production workers wages and does not include supervisors, managers, or the additional administrative support staff required as a result of the project. In all likelihood \$19/hour is on the low-side of the payroll spectrum.

Zoetis is a great corporate citizen – examples of programs they support:

- Supports United Way - (over \$4 million in 10 years)
- LPS Science Fair
- School Backpack program
- Household Hazardous Waste Collection Site (16 years)

Installing the turn-lane demonstrates our commitment to Zoetis corporate executives, and funding this project may ultimately increase the probability of attracting additional investment to our community.

POLICY OR PROGRAM CHANGE: N/A

COST OF TOTAL PROJECT: \$70,000

SOURCE OF FUNDS: Fast Forward Fund

CITY: \$70,000

NON CITY: \$0

BENEFIT COST:

FACT SHEET PREPARED BY: Mike Lang

REVIEWED BY: